

Approved Meeting Notes

October 26, 2005

St. Mary Rehabilitation Working Group Meeting 10:00 – 3:00 October 26, 2005 Chinook Motor Inn – Chinook, Montana

Welcome and Introductions:

Members Present: Lt. Governor John Bohlinger, Randy Reed, Marko Manoukian, Dave Peterson, Randy Perez, Bud Mavencamp (for Kevin Salsbery), Dolores Plumage, Jeri Lawrence, Art Kleinjan (for Paul Tuss), Gary Anderson, Max Maddox, John Lacey, Jim Rector, Larry Martinson (for Mike Barthel), Larry Mires (Exec. Director) Brandi Beecher (Exec. Assistant)

Absent: Michael DesRosier, Steve Page

Information included in meeting handouts:

- Agenda
- Draft Meeting Notes from SMWG Exec Committee Meeting 10/21/05.
- Authorization sideboards and timeline.
- Draft Meeting Notes from Authorization Conference Call 10/17/05.
- SMWG Amended Budget for FY 2006- FY 2007.

Review and approve meeting agenda:

- Meeting agenda approved by consensus.

Review and approve September 28 meeting notes:

- Brandi Beecher reviewed draft meeting notes from September 28 meeting.
- Lt. Gov. Bohlinger proposed changing meeting structure to read previous meeting summary of Agreements and Action Items, rather than reading summary of previous meeting notes to save time.
- Group agreed since meeting notes are being distributed in a timely manner, they have the opportunity to review the notes prior to the meeting.
- Paul Azevedo explained meeting notes are summarized to refresh everyone's memory of the previous meeting.
- Max Maddox expressed concern for those who are unable to attend all the meetings and those in audience that may not know what happened at previous meeting. Proposed having copies of the Summary of Agreements and Action Items available to the public at meetings.
- Approved changing meeting structure to read previous meeting agreements and action items and dispend reading summary of previous meeting notes. Copies of the agreements and action items available to the public during the meetings.
- Approved September 28 Meeting notes by consensus.

Project Authorization

- Paul Azevedo gave summary of ongoing efforts to gain Congressional Authorization of the project and summarized the September 27 St. Mary tour and September 28 meeting with FFA and NWRA.
- Paul summarized the October 17 conference call with FFA, NWRA, DNRC and SMWG. (Summarized in October 17 SMWG Meeting Notes.)
- NWRA is forming steering committee on aging infrastructure, but SMWG will need to work faster than the Steering Committee. Meeting will be held on December 6th in Denver. Larry Mires, John Tubbs, Paul Azevedo and Randy Reed will attend.

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- Larry Mires announced SMWG will be kick-off speakers on November 8 during irrigator's caucus breakfast during NWRA Annual Conference. Presentation provides opportunity to network and will also meet with Commissioner Keyes on November 8 to discuss the St. Mary Rehabilitation project.
- Larry Mires is in process of setting up meeting for SMWG to meet with Mike Ryan.
- Randy Reed recapped discussion during conference call saying funding package is going to be critical to the project and significant up front cost share is going to be required.
- Lt. Governor Bohlinger asked what is significant cost share for the project.
- John Tubbs replied citing current projects at 65-35 or 50-50 or potentially upwards of 75%.
- Jim Rector talked about economic impact statement done in Alberta and turned over to the Provincial Government for support. Report showed 85% of benefits were non-irrigation benefits or public benefit including flood control, and recreation. Then used that figure to request support from Provincial Government.
- Paul outlined timeline handout, showing draft authorization language completed by April 15. Need to form subcommittee, develop sideboards for authorizations, and potentially meet with USBR on issues. Draft strawman authorization request should be completed by December 1. Review and strawman presented to SMWG in January. Need to develop State and Irrigation cost share package. BioEconomics is in process of developing economic analysis of the impacts of the St Mary system.
- John Lacey expressed concern that the economic study and may not be in-depth enough to reflect beneficial figures.
- John Tubbs talked about the study and its focus of putting a value on the water in the Milk River Basin and the economic impacts of water.
- Larry Mires reported SMWG request for authorization is being worked on at Congressional level. Original request had two parts, one requested assistance with drafting authorization language and second requested \$1 Million authorization.
- Group agreed need to move forward with own draft of federal project authorization and formed subcommittee.
- SMWG approved following subcommittee members: Dave Peterson, Randy Perez, Jeri Lawrence, Randy Reed, Mike Barthel, John Lacey or Steve Page and Matt McCann or Max Maddox.
- SMWG approved DNRC to task Kent Heidt with drafting strawman authorization, with guidance of Subcommittee and SMWG.
- Randy Perez said BIA owns projects on Fort Belknap and Blackfeet Reservations and 1/7 storage of Fresno and should be involved in the discussions.
- Larry Mires proposed holding meeting in Billings in November to bring subcommittee together and meet with BoR.
- Discussion of St. Mary Rehabilitation Working Group "Strawman" Federal Authorization Language handout.
 - What will be authorized? Group discussed various options of rehabilitating the system.
 - What are the authorized uses? Irrigation, flood control, municipal and potential uses Fish & Wildlife, recreation, hydropower, and benefits to Blackfeet and Fort Belknap.
 - Project Cost? Discussion on TD&H preliminary Engineering Report and right-of-way issues.

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- Who will pay? Irrigation, municipalities, state grants, federal opportunities. Need to generate a pool of money for front end cost share, and need to break down cost share for all of the users. State has contributed \$10 Million and close to \$15 Million cost share for the St. Mary's rehabilitation project. Basic analysis completed by BoR reports at least a 30% allocation by the Federal Government for the project. Question is what will the irrigators be able to pay? Need to bring additional revenue into project. Discussed possibility of Ad Valorem taxes and potential tax credits.
 - Project Operations? Who should operate the project? Currently reserve works are operated by BoR. For many years State tried to encourage Joint Board to take over operations, however Joint Board chose not to. Other possibilities include Fort Belknap, the Blackfeet or BIA.
 - Project Construction? Currently BoR is responsible for construction. Who should hire the contractor? Potentially BoR, Joint Board, a new authority, state, etc.
 - Federal Repayment. Some portion will be cost share. Federal government only pays portion attributable to flood control. Other potentials include Blackfeet environmental concerns, Fish & Wildlife, Recreations and flood control.
 - State Repayment. Allocated \$10 Million Bond.
 - Local Repayment. What will be local repayment? Irrigation, Municipal/Industrial or other economic benefits.
- Art Kleinjan reported accessing an Ad valorum tax at the County level is very unlikely. According to State Statute, the Ad valorum tax is used only when a County Budget is topped out and is accessed through series public hearings, meetings, resolutions, etc. Ad valorum tax is not used for special project such as the Rehabilitation project.
 - Randy Reed report Ad Valorum is a tool that is widely used in other States, and may need to try to work for changes to State Statue.

Update from Congressional Delegation Staff Members

- US Senator Conrad Burns Representative Sarah Converse reported the Senator's office has not received anything back on authorization request from BoR. Conrad has talked to staff members on Conference Committee about putting language in for authorization of \$1million so authorization will progress in conference. Authorization is specific, don't need to worry about a total dollar amount at this point, but need to make sure and include the entire project. Will report to SMWG when language is announced.

Budget Update

- Paul Azevedo reported to date the in-kind contributions of the SMWG members is \$101,049 from members attending meetings, travel time, travel, etc. DNRC has contributed in-kind contributions of \$287,776, excluding grants.
- Larry Mires reported the Amended FY 06-FY 07 total budget figures have stayed the same, however adjustments show exact figures and line items reflecting RDGP grant. Adjustments also made to line items because of Bear Paw Development's computerized accounting system. Need to refer to Administrative Services as Professional Services, and Contingency funds as miscellaneous funds. Noted Executive Director is not drawing salary at this time. Figures were readjusted to more accurately reflect where they will be spent.

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- Discussion on email sent out by Paul Tuss questioning what Bear Paw Development will be required to administer, and various line items. BPD will only administer Basin funds and DNRC will handle RDGP funds. Consultant Services is unallocated dollars that will be used to bring professional services to project. Outreach is education on the project including brochures, power point development, display trailer, etc.
- Jeri Lawrence questioned Blackfeet Environment allocation of \$50,000. DNRC responded that funds are unallocated and will need to be allocated in future on Blackfeet ongoing environmental studies.
- Group approved amended budget and line item name changes by consensus.
- Larry Mires reviewed financials. Total is \$93,082.75. Discussed passing out only income statements and excluding “check book” financial breakdown. Group decided would like to continue receiving both reports.
- Gary Anderson questioned direction of Funding Committee and will call meeting to discuss direction of the committee.
- John Tubbs reported \$2,000 expense incurred by irrigation districts for BoR to prepare an environmental document, then invoice was sent to Joint Board. The expense was unexpected and was incurred on SMWG behalf and how should SMWG reimburse Joint Board? Max suggested should be discussed by Joint Board and DNRC.
- Gary Anderson requested Funding Committee to hold meeting in Chinook with Larry Mires in November prior to next meeting.

Update on Water Rights Compact

- Jay Winner reported on meeting held with Blackfeet Tribe on October 25 and goal is to conclude a compact with Blackfeet tribe in time to present compact to 2007 Legislature. Blackfeet Tribe submitted a written version of their proposal on the St. Mary’s and Milk System to the Compact Commission last week. Proposal terms include the Tribe is willing to recognize and agree to historic uses of St. Mary and Milk River water including the Canadian allocations under the Boundary Water Treaty, historic Milk River project uses and pre-1973 valid Indian uses on Reservation. Tribe also requested the first 50,000 acre feet of water diverted through the Milk River project be deemed Blackfeet Tribal water. 10,000 acre feet will be utilized by the Tribe, and remaining 40,000 acre feet will be marketed down stream either to the project or possibly to uses in Canada. Any St Mary water over and above the historic divert amount using existing storage facilities should be Blackfeet water. Recognition of the proposed non-Indian uses is contingent on Congressional approval and appropriation of a Blackfeet water trust fund, in an amount to be negotiated with the Federal Government to compensate the Tribe for loss of water, and damages caused by the Boundaries Water Treaty, and development of Milk River Project as well as Federal failure to adequately develop and manage various water facilities on the Blackfeet Reservation. Also mentions desire for ground water and hydropower on the Reservation.
- Jay reported Fort Belknap contract has been ratified and waiting for Congressional approval. There is some dissatisfaction with Fort Belknap Tribe on the terms of compact. State met with Fort Belknap Council in June, and Tribe was to identify specific issues with hopes of addressing issues with Federal package instead making significant change that would require approval by the State Legislature. To-date State water compact commission has not received a response from Fort Belknap Tribe.

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- There are concerns about financial constraints at the Federal level, and effects on both the Blackfeet and Fort Belknap water compact efforts.
- Bowdoin National Wildlife Refuge in talks with State Water Compact Commission. Biggest issues are salinity problems. Convened local group including Hugh Brookie, Steve Page, Kevin Salsbery and Bryan Kendall who are working with Compact Commission. FWP continues to be engaged in the process. Hoping to propose a Compact to the 2007 Legislature, although there are some environmental concerns that may cause delays.
- Dolores asked about the timeline of the Fort Belknap Compact. The State of Montana Legislature ratified the Compact in 2001, then the Tribal Council and Federal Government will both need to ratify the proposed Fort Belknap Compact.

St. Mary's Operation Report

- Lake Sherburne is currently at 26,000 acre feet, which is 39% of full, compared to 24,000 acre feet at this time last year. In-flows are currently at 229 cfs and outflows/releases are zero.
- Fresno is currently at 47,000 acre feet or 51% of full, compared to 41,000 acre feet last year. In-flows are currently at 66 cfs with outflows/releases 43 cfs.
- Nelson Reservoir at 59,000 acre feet about 75% full, compared to 61,000 acre feet last year. In-flows are at 19 cfs with outflow of zero.

Progress Report on Phase 2 Engineering Studies

- Erling Juel of TD & H talked about the unexpected charge to the Joint Board of Control, for work requested by DNRC. Erling said to gain BoR permission to do field work, BoR had to make a trip to the site in order to meet NEPA conditions. This trip was billed by BoR to the Joint Board instead of SMWG.
- Erling gave presentation on how inclinometers monitor slope movements. Casing is installed in the ground, then a reading is recorded for a base line, then will continue to do subsequent readings monthly which will track displacement. St. Mary base line readings were recorded on October 4 and next reading scheduled for next week.
- Geotechnical report is about 75% complete. Holding off until get survey data and piezometer data from DNRC. Hope to be completed in November.
- Preliminary Engineering Report design team, DNRC and BoR met in early October met in Great Falls setting the ground work and standards for working with the BoR. Next meeting will be held in early December.
- BioEconomics report is expected to be completed by the end of November and hope to have short presentation of the draft report at the next SMWG meeting.
- Hydro aspects of the study data collection is completed. Overall about 75% completed and still on schedule.
- Surveying of canal is underway. Two individuals from Blackfeet surveying crew are working beside TD & H. Focusing on surveying inside prism of the canal, while canal is dry.

Status of Outreach Committee

- Gary Anderson reported he met with Dolores on status on outreach committee. Feels all members of the SMWG are part of outreach and the SMWG meetings are a form of outreach. Committee needs to know what is needed (brochures, power point

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presentations, etc.) by the SMWG to do successful outreach and also need to hear from SMWG on what they are doing for as part of outreach in their communities.

- Dolores talked about the importance of getting public support on the St. Mary project as the authorization language is presented at the Congressional level.
- Larry Mires added press releases are released after each SMWG meeting and sent out to all newspapers along the Hi-Line and major Montana newspapers. Last press release was printed by Blaine County Opinion and also published on Family Farm Alliance website.
- Larry added if SMWG needs him to give a presentation in their community or at a special function, contact Brandi or Steve Page.
- Larry reported the St. Mary Rehabilitation Project is starting to receive some national interest. Have been asked to give presentations at a Denver Conference on December 6, at the Western Regional Water Conference on January 19 and at an all Western States Water Issues Conference on January 12. Recently received endorsement by the National Cattlemen's Association and will be asked to make presentation at their annual conference.
- John Tubbs reported the only television coverage the St. Mary Rehabilitation effort has received was during the Governor's tour of the project last month. He feels need to get more television time and offered the recently release W2ACT water video as an example of what could be put together by the SMWG. Cost is approximately \$1,000 per minute to produce video.
- John Tubbs talked about the need to do a better at talking about the importance of water during presentations.

Personnel Committee Update

- Marko reported need more information on Personnel procedures in working with TERO regulations and contractors.
- Dolores reported Larry Mires is keeping a file of resumes and responded to the inquiries, however at this point the SMWG is not hiring.
- Larry reported he responds to each resume received and says the SMWG is not hiring however resumes will be kept on file and any request for proposals will be advertised through the proper channels including local job services.
- Discussion on procedures and requirements of funding a large project with public dollars. Paul A. suggested watching the W2SACT video.

Proposal to Offset Travel Cost for Working Group Members

- Group discussed paying a \$50 stipend to each SMWG member, because of rising travel costs.
- Jim Rector felt funds are donations and should be used in a prudent manner, paying themselves is not prudent and a bad idea and should not be discussed further.
- Dolores talked about some of the entities on the SMWG are on very strapped budgets and a \$50 stipend may be helpful.
- Randy Reed said it boils down to the commitment to the group and if someone doesn't have time or the costs are too great, they need to step aside and let someone else participate.
- Lt. Governor Bohlinger talked about State Government attempts to reduce travel costs, by using interactive television and new technology.
- Group discussed the meetings are a good outreach tool despite significant increase in travel costs.

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- Jim Rector presented Steve Page's suggestion on going to a bimonthly meeting from 9 a.m. to 5 p.m. Travel is a significant factor.
- Group discussed the need to keep meeting monthly to keep up with the time-line and possibility of using of teleconferencing, which will solve the travel time and costs. Also discussed may not be positive for public outreach.
- Sarah Converse added Senator Burns uses teleconferencing extensively and it seems to works well, however can be very costly.
- Larry suggested investigating the cost of teleconferencing the SMWG meetings and it may be a possibility for REA's or Hospital's to donate to the St. Mary Rehabilitation project.

Public Comment

- Ruben Horseman commented that he would not feel comfortable using the teleconference system and didn't think others would be comfortable using the teleconferencing system to share public comments and concerns.
- Terry Zontek clarified BoR is absorbing the costs for attending the SMWG meetings. Announced Rich Olrich who has worked on water issues for several years has announced his retirement. Added the irrigation districts need to discuss the Blackfeet Water allocation and the compact would involve consumptive uses and have impacts. Capital and their portion Operations and Maintenance costs would have to be worked out in Legislation, because the costs would not be paid for by the irrigation districts. Office of Management and Budget has requested the Department of Interior give them a briefing on all the St. Mary issues including the Blackfeet and Fort Belknap Compacts and Milk River System. Will report back from that meeting to the SMWG as allowed to release information.
- Wally Elliot talked about the value of irrigation, and suggested to keep in mind the success story of the Rocky Boy's North Central Montana Water Project.
- Doug Stewart said that most of those actively involved on Boards and Issues are active because they can afford it. The SMWG is a professional group and if someone on SMWG needs a \$50 stipend to attend meetings go ahead and pay them. Suggested if going to do a video, use local people and don't use fancy trucks.

Next Meeting

- November 22 at Fort Belknap.

Summary of Agreements

- Approved notes from September 27 meeting in Great Falls.
- Approved meeting agenda.
- Approved changing meeting structure to read previous meeting summary of Agreements and Action Items, rather than reading summary of Meeting Notes. Copies of previous meeting Agreements and Action Items will be available for the public during meetings.
- Approved forming Authorization Subcommittee to advise with drafting strawman of federal project authorization.
- Approved following subcommittee members: Dave Peterson, Randy Perez, Jeri Lawrence, Randy Reed, Mike Barthel, John Lacey or Steve Page and Matt McCann or Max Maddox.
- Approved amended Working Group budget for FY'06 and FY'07.

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Summary of Action Items

- DNRC will email out timeline and sideboards to Authorization Subcommittee.
- Larry Mires to set meeting with BOR, DNRC and Authorization Subcommittee.
- DNRC to task Kent Heidt and Mike Dailey to work with Authorization Subcommittee.
- Gary Anderson to call a meeting of the Fundraising Committee. Committee will revisit their purpose and goals and recommendation changes, if any are needed.
- Funding Committee to meet with Larry Mires and report to next meeting.
- DNRC will meet with Joint Board to discuss costs incurred by USBR on St. Mary's Project.
- Jay Weiner (Compact Commission) will send DNRC a copy of recent Blackfoot water rights settlement proposal. DNRC will forward proposal to Larry Mires and SMWG.
- SMWG members to contact Dolores Plumage on their outreach needs and activities.
- John Tubbs to send W2SAC video to Larry Mires and Marko Manoukian.
- Brandi, Larry, and Paul A. will research the cost of doing meetings by teleconference.
- Next meeting on November 22 in Fort Belknap.

Agenda Items

- Authorization Reports
- BioEconomics Report